



To our stakeholders:

When covid-19 first appeared last year, we never thought it could cause such a massive change in today's economy. Despite having to temporarily close stores and keep lower numbers of staff members at open locations and distribution centers, I am proud to announce TJX has outperformed our expectations this year. Regarding the off-price retailer market, we persist with the largest market share of 36%, about 9% higher than Walmart, and twice as much as our most direct competitor, Ross Stores. We do not consider Walmart a direct competitor, as they sell to a different audience because they do not sell high value products for a lower cost, just low-cost products in general. Ross, on the other hand, has a similar business model as us, and therefore represents a higher threat.

Currently, we still have 690 temporarily closed stores, most of which are in Canada and Europe. These and other stores we had to close earlier this year has caused our net revenues to decrease by \$9 million. Although this is an immense amount, about a 23% decrease, it is similar to the decrease Ross Stores and Burlington experienced, showing the effects are due to covid and not poor management. Analyzing this decrease further, we realized HomeGoods was our only business segment that did not reflect this decrease in sales, showing an increased interest in home décor in the United States. Our sales of home fashions have increased by 6% in the last year, most of this being countered by a decrease of 5% in our sales of clothing. This increase in interest in home fashions represents an opportunity for growth even in our stores that are not focused solely on home fashions, like HomeGoods, but do sell them as well.

In response to the pandemic, we developed an online platform for our customers to shop from the comfort of their homes. However, online sales represent only 2% of our revenues. Despite an increase of 22% in retail store closures in the last year, we believe our model requires a high number of stores throughout for our customers to search for different products. Our customers enjoy shopping at our store because it is a treasure hunt experience where they look for the best deals and are called by products they never even knew they needed. Online sales are not a major driver for us, despite the tendency of the fashion industry towards ecommerce. We will not focus many more efforts on this and will keep it simply as an option for consumers who absolutely cannot leave home.

Regarding our operations, it is important for our company to maintain a relatively high turnover ratio to avoid having too many products and having to markdown those that do not sell. Although we maintain a higher turnover ratio than other retailers, Ross Stores has maintained a 7.2 average while we are at a 5.9. Compared to 2020, we have already started to see significant growth in this ratio. Therefore, for the next year, we have set a goal to improve this metric to at least a 7, as we have noticed some product remains in our stores for too long. For perishables such as food or seasonal products, this means we are losing those sales.

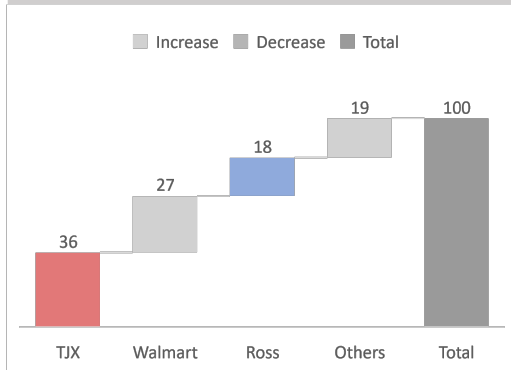
Of course, a high turnover ratio isn't the only important factor for our business. We have analyzed our restocking tendencies compared to other companies and realized this may be one of the most dividing factors. Ross Stores receives shipments everyday of the workweek. We receive them every day except Sunday. Burlington, a smaller but very similar business receives shipments three days per week.

However, the difference lies on the days we restock our shelves. Both our competitors restock everything the day it arrives. On the other hand, we restock as we deem necessary, always keeping all shelves full of products. Not doing this, with such a high inventory turnover ratio means some of the competition's shelves may be empty at times, ruining the experience for some customers. Regarding the days we ship products to stores, we must analyze further the cost of transportation versus the cost of keeping more inventory, as by reducing the number of days we ship products we will affect both aspects.

The pandemic has been a challenge, but one we will most definitely overcome. We expect the situation to improve as more stores are allowed to open. Our efforts will be focused on improving the factors that have led to our success and increase our mix of merchandise to improve the treasure hunt experience we provide to our customers.



Market Share (%)



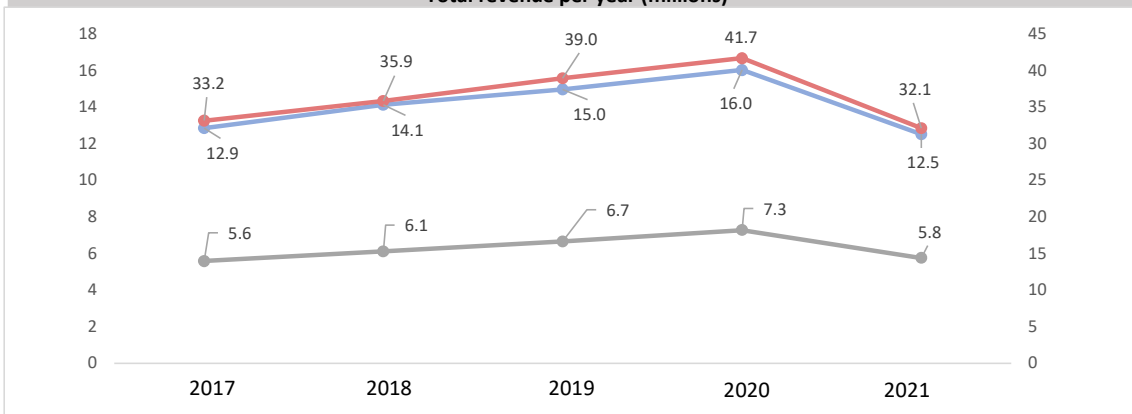
Number of temporarily closed stores

690

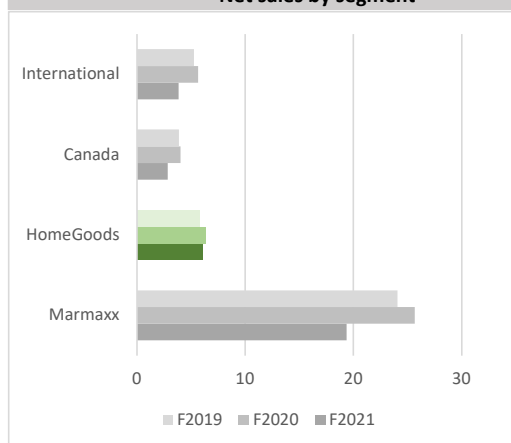
Retail store closures (thousands)

2019	10.0	↑ 22%
2020	12.2	

Total revenue per year (millions)



Net sales by segment



Business segment sales

